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The World-Wide Trend Toward Coöperation

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WE alone of all the great nations have escaped the blighting effects of the world war; we alone have emerged from the struggle stronger than ever industrially, financially and economically. All mankind needs our help—not our charity, but our coöperation.

We cannot render the service demanded of us, however, if we fail to recognize the fact that while it is necessary for the sake of national prosperity to remove the coercive restrictions of government control as rapidly as practicable it is equally imperative to retain government coöperation with industry, and to preserve many elements in the coördination of our varied business interests effected by the exigencies of the great crisis through which we have just passed.

The spirit of combination, in fact, is manifest throughout the universe. It is exemplified in its larger economic and political aspects in the movement now under way at the peace conference to establish a league of nations.

SIGNIFICANT SIGNS ABROAD

This world-wide tendency is nowhere more pronounced than in England, France, Belgium and Italy, who bore the brunt of the battle for world democracy.

The British Government is striving by various means to foster joint action and coöperation among its industrial elements, as a vital reconstruction measure. For instance, the committee appointed by the government to investigate the iron and steel trades reported that “we are persuaded that only solidarity of action will enable the iron and steel industries of the United Kingdom to maintain and improve their position in the markets of the world. The Committee recommends also that coöperative effort, backed where it is found necessary by government support, should endeavor to deal with the question of ore supplies.” Combinations are suggested for the purpose of standardizing production

and reducing costs. The Committee of Engineering Trades proposes that English manufacturers work in large units, formed either by amalgamations or by joint operations, for the pooling of resources and the specializing of production, as well as for the purchasing of raw materials. The Textile Trades Committee recommends that, in view of the modern tendency toward larger units of production and the elimination of economic waste and inefficiency, there should be combinations or working agreements which would avoid duplication of effort and materially decrease buying, producing and selling expenses. The English Shipping and Shipbuilding Committee has directed attention to the need for effective coöperation and coördination among shipbuilders and marine engineers.

To meet the new conditions presented in world trade, the desirability of concentrating banking credit has long been obvious to the bankers of England and, as a result of amalgamations, the leading English banks recently showed these huge deposits:

London City and Midland	\$1,570,000,000
Lloyds	1,500,000,000
London County, Westminster & Parr's	1,250,000,000
Barclay's	1,100,000,000
Union of England and Smith's	900,000,000

English bankers and business men believe that, in order for them to compete effectively for the world's trade with other countries, this concentration of credit and the extension of branch-banking are necessary steps. Without banking leadership foreign trade cannot be commanded. The effective use of such powers by Germany has taught this lesson. The German banks trading abroad not only were useful financial institutions, but acted as information bureaus for their countries, and their work in this field was largely responsible for the remarkable development of German overseas' trade. German banks not only established subsidiary banks, but in many instances obtained controlling interests in native institutions, giving them a large measure of command of foreign banking transactions.

Even while fighting with "her back against the wall," in the dark days of the war when Germany was hurling its hordes against the Channel ports, England was forming amalgamations for peace business, not only in banking but also in various trades

and manufactures. And England is moving toward larger industrial, commercial and financial units because she is impelled to do so by the sheer force of circumstances, and has had foresight enough to see that only through such means can economies be effected which will prove important factors in foreign trade expansion, as well as in successfully meeting foreign competition in the home markets.

The French Government has created a central purchasing and distributing organization to facilitate the reconstruction of devastated provinces. It is known as the Central Association for the Restoration of Industrial Activities in the Invaded Regions. This association has formed a central buying agency bearing the title of Central Bureau for Industrial Purchases for the Invaded Regions, and the French Chamber of Deputies has voted the association a fund of \$50,000,000.

French steel men believe that one of the best ways for America to help them is by placing at their disposal, as soon as practicable, some tried forms of coöperative selling. The French steel makers do not wish to be obliged to obtain prices from several hundred American firms, but prefer to obtain them from the representatives of groups of manufacturers of steel equipment. These representatives should be in a position to take the blue prints and specifications prepared by the central purchasing office of the French steel industry and name prices and dates of delivery on every piece of machinery and every pound of material needed to enable the French makers to resume the manufacture of steel on the sites of their old plants.

The Société Mineraux et Metaux has sent agents to this country to inquire into all phases of the mining and metallurgical industries and to gather data on them, for the purpose of assuming a leading rôle in the buying here of lead, copper and zinc for use in France. This society has a capital of 10,000,000 francs, and represents a coöperative organization of metal interests for the purpose of keeping them in contact with the producers of the world and fully informed as to statistical data of the mining and metallurgical industries. Among its shareholders are twenty-six mining or metallurgical companies, representing interests in France, Spain, Mexico, Algeria, Tunis, Siberia, Chile, Bolivia, Italy and Russia.

A central reconstruction purchasing committee, similar to that formed in France, has been organized in Belgium. And recently there was constituted at Milan among the most important firms in Italy carrying on an import trade in industrial machinery and machine tools from the Allied countries, the Italian Association of Importers and Merchants. The purpose of this organization, as outlined in the statute authorizing it, is the study, protection and promotion of all those interests appertaining to the importation of the articles mentioned.

AMERICA'S NEED FOR COOPERATION

With preparations such as I have briefly indicated under way in the leading European countries, which are planning to reduce their enormous indebtedness by increased exports and decreased imports, the American manufacturer and exporter can readily appreciate the fact that they will face the keenest competition they have ever experienced, particularly in those markets which the war has opened to us. And it should be remembered that the productive capacity of the United States has been greatly expanded by the necessities of war. One authority has estimated that the income of the people of the United States for 1918 totaled \$73,400,000,000, as compared with \$68,800,000,000 for 1917, and \$34,800,000,000 for 1913. Unless we are able to maintain the trade advantages gained abroad during the last four years, it is obvious that we will be confronted with the serious necessity of adjusting our productive capacity to a shrinking market. And we cannot hope effectively to meet foreign competition unless we coöperate as our foreign competitors are doing.

But we cannot adequately coöperate outside of the United States if we are compelled to indulge in costly and wasteful competition within our own borders. Our existing anti-combination legislation, in fact, is not only out-of-date but is a positive menace to our industrial and commerical future. We shall deny ourselves the full advantages of the Webb Law unless we repeal the Sherman Anti-Trust Law.

Combination in itself does not, and never has, constituted a danger to this nation or to any other nation, but through ignorant and scheming demagogues, inspired chiefly by political ambitions, the American public has come to view any combina-

tion of business interests as an incubus, regardless of whether such a combination makes for the general weal by eliminating economic waste; and the public apparently has lost sight of the fact that *all combinations should be judged by their operations and purposes*. I am a firm believer in the regulatory efficacy of basic economic laws, and I have confidence not only in the integrity of the majority of our business men, but also credit them with the ability to realize that their prosperity is contingent upon the prosperity of the general public.

Let us not forget that England will make heroic efforts to regain her former trade and also to capture a large part of that controlled by Germany. Her people are united in that ambition, they are willing to make the necessary sacrifices to realize it, and, therefore, they are in a far better position than we to compete for the trade of the world. They have the tremendous advantage of lower costs, and that applies to all important factors in obtaining and holding foreign trade, namely, banking, manufacturing, exporting, shipping, and seamen's interests. All those engaged in such activities are willing to take a smaller margin of profit than their American competitors. They are willing "to play the long game," so to speak, and it would be difficult to exaggerate the importance of this advantage to England.

Comparisons made recently between costs of production in this country and its chief competitors are not encouraging. It is asserted, in fact, by some of our larger exporters that unless they can materially lower their costs of production and delivery they cannot hold their own in competition with foreign manufacturers. British dealers already have regained a lead in some of the more important markets, due to their better preparations for after-war conditions; better shipping facilities, lower freight rates, especially to the more distant markets—such as South America and the East, and to the maintenance of better selling organizations, even under the duress of war. And yet the British Government believes that it is imperative to reduce costs still further, through obtaining greater multiple production in England by encouraging amalgamations and combinations among manufacturing, financial and shipping interests.

Under our present laws it is impossible for an American ship to carry cargo as cheaply as a British or Japanese vessel, due to the

high cost of operation. Whether our government will enact laws that will enable our ships to meet this situation remains to be seen. It is certain that our maritime interests will not attempt to operate any of the new vessels for their own account under the present laws, for British and Japanese owners can under-bid them every time because the British and Japanese laws are not so drastic as our own. Meanwhile we shall continue to pay heavy tribute to England in the form of ocean-freight tariffs.

NEED FOR GOVERNMENT COÖPERATION

It would appear to be clear, even from a cursory consideration of the subject such as this, that we are urgently in need of coöperation, not only among our industrial, commercial, transportation and financial interests, but also between the government and these important elements in our economic life. The most vital problem confronting business, indeed, is that regarding the relations which shall be established in the immediate future between the government and industry.

Stringent government control in peace times would certainly constitute a deadly menace to commercial and industrial interests. It would stifle competition, undermine ambition, and discourage initiative. It would offer no incentive to high endeavor. A reasonable protection of the public welfare by the exercise of a proper coöperation on the part of the government is quite another matter. That would not result in a repression of business, but rather in a relationship under which industrial concerns would remain in private hands; competition that causes economic waste would be eliminated; and capital and labor would each prosper in proportion to its respective contribution to national production, and in proportion to the public interest served.

Under such a system we should, indeed, have national reconstruction—reconstruction which would create understanding and recognition of sound principles and methods, a high sense of justice and fairness, and a general coöperation for the best results attainable for all concerned and for the nation, which has a new and great part to play in world affairs. It would dispel the overhanging menace of impractical idealism which exists at Washington, and to some extent elsewhere, and of which business men must take cognizance. The obvious intention on the part of

some to force government ownership of transportation and wires, if possible, and the announcement of a policy of philanthropic restraint in foreign trade, are but straws indicating the direction of the wind. In pursuit of such economic will-o'-the-wisps, some minds are led astray and would lure us into the bogs of Bolshevism. The facts of human experience and human nature have always proved a safer basis for human relations than the tissue of dreams or the visions of what ought to be. Justice and fair dealing are not impossible in a world of sound economics, and these standards furnish us a sounder platform than parlor socialism or political expediency. If the spirit of common equity and reason can pervade government bureau and legislative hall, as well as business office and bank, we may hope for a readjustment to the conditions of peace which will bring prosperity to our own people of all classes, and render useful service to the entire world.